

## Message Text

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ACTION XMB-04

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 /052 W

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R 170903Z SEP 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 6788

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PASS EXIM

EO 11652: NA

TAGS: EFIN ID

SUBJECT: CILACAP PETROLEUM REFINERY - POSSIBLE EXIM

FINANCING

1. BANK INDONESIA OFFICIAL, HUTAGALUNG, HAS ASKED EMBASSY OF WE WOULD ATTEMPT TO FIND OUT WHETHER EXIM WOULD BE WILLING CONSIDER FINANCING COST OVERRUNS RESULTING FROM CHANGE OF SCOPE WORL ON CILICAP REFINERY PROJECT. TOTAL FOREIGN EXCHANGE REQUIREMENT WOULD BE \$70-75 MILLION. BI WOULD HOPE EXIM MIGHT BE WILLING TAKE NORMAL 35-45 PERCENT SHARE IN PROJECT. SOME OF EQUIPMENT FOR PROJECT HAS ALREADY BEEN IMPORTED FROM U.S. AND HUTAGALUNG ASKED WHETHER EXIM FINANCING COULD COVER THIS PRIOR PROCUREMENT IN EVENT IT IS INTERESTED IN PARTICIPATING. WE UNDERSTAND CITIBANK WOULD BE LEAD U.S. BANK OFFERING CREDIT FOR PROJECT. GOI MINISTRY OF FINANCE WOULD BE BORROWER.

2. CILACAP REFINERY CHANGE OF SCOPE AND COST OVERRUNS LOAN HAS BEEN UNDER CONSTRUCTION BY GOI/PERTAMINA SINCE 1974-75 BUT BEFORE FINANCING PACKAGE APPLICATION COULD BE PUT TOGETHER, PERTAMINA CRISIS OCCURRED AND DELAYED FINALI- ZATION OF APPLICATION. POSSIBILITY OF EXIM COST OVERRUN FINANCING WAS EXPLORED WITH EXIM REPS DURING VISIT S TO LIMITED OFFICIAL USE

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INDONESIA IN 1975 WHEN TEAM WENT TO CILAPCAP AND IN 1976. ON

THESE OCCASSIONS EXIM REPS INFORMALLY EXPRESSED WILLINGNESS TO CONSIDER SUCH FINANCING PROVIDED REQUIREMENT FOR ADDED FUNDS DID NOT ARISE FORM EITHER POOR MANGEMENT OR EFFECTS OF INFLATION. WE HAVE BEEN TOLD THAT LOAN REQUIREMENT STEMS FOR MCERTAIN ENGINEERING PROBLEMS THAT AROSE DURING EARLIER CONSTRUCTION AND CHANGE OF SCOPE IN PLAT ITSELF.

3. CITIBANK JAKARTA BRANCH ADVISED EMBASSY THAT U.S. COMMERCIAL BANKS WILLING TI SYNDICATE FINANCING WITH OR WITHOUT EXIM PARTICIPATION BUT CLEARLY GOI SEES IT IN ITS INTEREST TO EXPLORE EXIM PARTICIPATION, ESPECIALLY IN VIEW OF EXIM PRIOR CREDIT NUMBER 4615. REQUEST EXIM VIEWS. EMBASSY ASSUMES THAT ANY PRELIMINARY INDICATION OF WILLINGNESS WOULD BE ON UNDERSTANDINGTHAT FINAL EXIM AGREEMENT TO THIS PROJECT WOULD BE CONTINGENT UPON SATISFACTORY CURRENT CONSIDERATION RELATING TO INDONESIAN BALANCE OF PAYMENTS AND DEBT QUESTION. (REF JAKARTA 10971).  
NEWSOM

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, DEVELOPMENT BANKS, LOANS, REFINERIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 17 SEP 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976JAKART12232  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760352-0612  
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**Office:** ACTION XMB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** KelleyW0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 26 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <26 MAY 2004 by ElyME>; APPROVED <19 OCT 2004 by KelleyW0>  
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**Review Media Identifier:**  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CILACAP PETROLEUM REFINERY - POSSIBLE EXIM FINANCING  
**TAGS:** EFIN, ENRG, ID, XMB  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006